



GARS Retiree/Survivor Tax Information

In January, the Office of the Comptroller mailed IRS Form 1099R for 2009 GARS benefit payments to all annuitants. GARS benefits are subject to federal income tax, but not state income tax. These payments must be reported on IRS Form 1040 under "Pensions and Annuities."

1099R Reporting

- Gross distribution in Box 1 is the total benefit amount you received from GARS during the last calendar year.
- The taxable amount of your GARS benefit is shown in Box 2A. This is the benefit amount subject to federal income tax.
- The amount of federal income tax withheld is shown in Box 4. This is the amount of federal withholding deducted from your benefit based on your W4-P on file with GARS.
- Employee contributions are shown in Box 5. This is the nontaxable portion of your benefit for the calendar year.
- Total employee contributions is shown in Box 9B. This is only provided in your first year of retirement. It represents the contributions paid by you, or for you, during your employment. As these contributions are recovered by you through your GARS benefits, they are shown in Box 5.

IRS Form W2-GI+

W2-GI+: Group Term Life

The Office of the Comptroller also mails IRS Form W2-GI + to any GARS annuitant with group term life insurance valued over \$50,000. The value of

the group term life insurance is subject to federal income tax, and must be reported on your Federal Income Tax Return. This is not subject to state income tax.

If you carried basic and optional group term life insurance in excess of \$50,000 while receiving GARS benefits, Box 1 (Wages, Tips, and other Compensation) represents the taxable cost of this insurance.

The amount shown on your W2-GI+ is based on a formula provided by the IRS. Questions about this formula should be directed to the IRS, refer to IRS Publication 15B or ask your tax advisor.

W2-GI+: Domestic Partners

Under federal tax law, if a same-sex domestic partner does not qualify as the member's tax dependent as defined by the IRS, the portion of the premium paid by the State of Illinois for the domestic partner's coverage will be added to the member's annual gross income, subject to federal income tax withholding.

This is referred to as "imputed income" and will be reported on a W2-GI+ and mailed to members who carry same-sex domestic partners as non-IRS tax dependents on their State of Illinois Group Insurance Plan.

Refer to the "Notice to Employee" section of the W2-GI+ for a detailed explanation of the various codes. Questions about your W2-GI+ should be directed to the IRS or ask your tax advisor.

GARS Board of Trustees

The Board of Trustees is responsible for the operations of GARS. Six members are appointed by the Governor and one GARS retiree is elected by his peers. All appointed Board member terms expire January 5, 2011.

Chairman Senator James Clayborne

Vice-Chairman Representative Mark Beaubien

Senator Don Harmon

Senator William Brady

Representative Kevin McCarthy

Representative Dan Reitz

Retired Representative Philip Collins (term expires 1-31-13)

One- On- One Counseling

The 2010 One-On-One counseling sessions will be held through July at the locations below. If you would like to schedule an appointment with Jayne Waldeck during a visit to your city, contact the GARS office at 217-782-8500.

January 21

Madison County Courthouse
Edwardsville in the morning

January 21

St. Clair County Courthouse
Belleville in the afternoon

February 18

McDonough County Courthouse
Macomb in the morning

February 18

Adams County Courthouse
Quincy in the afternoon

March 24

Kane County Courthouse
St. Charles in the afternoon

March 25

DuPage County Courthouse
Wheaton in the morning

April 8

Lake County Courthouse
Waukegan in the afternoon

April 16

McHenry County Courthouse
Woodstock in the morning

April 29-30

Cook County, Bilandic Building
160 N. LaSalle, Room N-725
312-814-5853

May 14

Vermillion County Courthouse
Danville in the morning

May 14

Coles, Clark, Edgar Counties
Charleston in the afternoon

June 2

Macon County Courthouse
Decatur in the morning

June 2

McLean County Courthouse
Bloomington in the afternoon

June 4

Williamson County Courthouse
Marion in the morning

June 4

Jefferson County Courthouse
Mt. Vernon in the afternoon

June 24

Peoria County Courthouse
Peoria in the morning

June 24

Tazewell County Courthouse
Pekin in the afternoon

July 8

Rock Island County Courthouse
Rock Island in the morning

July 8

Carroll County Courthouse
Mt. Carroll in the afternoon

July 9

Winnebago County Courthouse
Rockford in the morning

Visit our Website for:

- *What's New at GARS*
- *Tax Withholding Calculator*
- *Informative Brochures*
- *Frequently Asked Questions*

www.state.il.us/srs

FY10 State Contributions

In November 2008, the GARS Board of Trustees certified the FY10 state contribution amount of slightly more than \$10.5 million.

Public Act 96-0043 (Senate Bill 1292), effective July 15, 2009, authorized the sale of \$3.4 billion of bonds to be used to make a portion of the State's FY10 required contributions to the state's public retirement systems, including GARS.

The bond proceeds would be in lieu of State contributions from the General Revenue Fund. Specific fees incurred during the bond sale could reduce the amount of proceeds allocated to GARS below the certified amount.

On January 15, 2010, GARS received slightly more than \$10.4 million from the bond proceeds. All of the proceeds, less a nominal amount to fund benefit payments, was transferred to the Illinois State Board of Investment (ISBI) for long-term investment.

In addition to the assets of GARS, the ISBI also manages the investment function for the State Employees' Retirement System and the Judges' Retirement System.

If you are a GARS annuitant and change your address, you will need to notify our office as soon as possible. Failure to do so could result in you not receiving important notices and other information from GARS. We strive to provide our members with fast and efficient service. Correct mailing addresses are essential in meeting this goal.

FY09 Numbers

OPERATIONS

Fiscal year 2009 participant contributions decreased by 4.2% over the fiscal year 2008 amount. This was due to a decrease in optional service purchases.

Employer contributions increased to \$8.9 million in fiscal year 2009 from \$6.8 million in fiscal year 2008. This increase was the result of the state's funding plan.

During fiscal year 2009, the System paid out approximately \$15.9 million in benefits and refunds, an increase of 3.4% from fiscal year 2008.

INVESTMENTS

By state law, the System's investment function is managed by the Illinois State Board of Investment (ISBI) along with the Judges' and State Employees' Retirement Systems.

All investments are accounted for in a commingled ISBI fund. The fiscal year 2009 investment losses directly reflect the double digit declines in the U.S. equity, international equity, and real estate markets.

FUNDING

The System's funding plan requires that state contributions be paid to the System so that by the end of fiscal year 2045, the ratio of the actuarial value of assets to the actuarial liability (funding ratio) will be 90%.

At June 30, 2009, the System's accrued actuarial liability amounted to \$245.2 million. The actuarial value of assets amounted to \$71.6 million as of the same date, resulting in a funding ratio of 29.2%.

Statements of Plan Net Assets June 30, 2009 and 2008

	2009	2008
ASSETS		
Cash	\$ 3,705,657	\$ 2,823,304
Receivables	3,777,472	732,349
Investments, at fair value	47,693,753	71,923,943
Equipment, net of acc. depr.	1,695	2,128
Total Assets	55,178,577	75,481,724
Total Liabilities		
	86,452	75,781
Net assets held in trust for pension benefits	\$ 55,092,125	\$ 75,405,943

Statements of Changes in Plan Net Assets June 30, 2009 and 2008

	2009	2008
ADDITIONS		
Contributions:		
Participants	\$ 1,697,575	\$ 1,772,860
Employer	8,856,422	6,809,800
Total Contributions	10,553,997	8,582,660
Investment Loss	(14,662,285)	(4,708,297)
Total Additions (Deductions)	(4,108,288)	3,874,363
DEDUCTIONS		
Benefits	15,857,219	15,258,621
Refunds	71,589	147,804
Administrative	276,722	244,170
Total Deductions	16,205,530	15,650,595
Net Decrease	(20,313,818)	(11,776,232)
Net assets held in trust for pension benefits:		
Beginning of year	75,405,943	87,182,175
End of year	\$ 55,092,125	\$ 75,405,943

General Assembly Retirement System of Illinois

2101 South Veterans Parkway, P.O. Box 19255, Springfield, Illinois 62794-9255, Phone 217-782-8500

MEMBER'S NOMINATION OF BENEFICIARY(IES) FOR DEATH BENEFITS

This form is to be used to nominate the person or persons to receive any death benefit payable by the General Assembly Retirement System of Illinois. This is a legal document which, after preparation, may not be altered in any way by any person. A member desiring to change beneficiaries at a later date must complete a new Nomination of Beneficiary form. The form on file with the System that has the most recent date, located next to the member's signature, will take precedence.

INSTRUCTIONS: Complete this form using ink or typewriter. You may nominate one person, as many as you wish, or your estate. Benefits will be paid on a survivor basis in the numerical

order you indicate. Two or more persons with the same order number will receive equal shares. When this beneficiary nomination is accepted by the General Assembly Retirement System, an acknowledgment will be mailed to the current address on file with GARS. If your address is not current, please contact the Office of the Comptroller.

NOTE! Persons nominated as beneficiaries without order numbers will be considered after persons nominated with order numbers. Two or more persons nominated without order numbers will receive equal shares.

EXAMPLE

<i>Order Number</i>	<i>Name</i>	<i>Address</i>	<i>Relationship</i>
<i>1</i>	<i>John A. Doe</i>	<i>123 West Main, Chicago, IL 60601</i>	<i>Father</i>
<i>2</i>	<i>Jane B. Doe</i>	<i>123 West Main, Chicago, IL 60601</i>	<i>Mother</i>
<i>3</i>	<i>David C. Doe</i>	<i>123 West Main, Chicago, IL 60601</i>	<i>Brother</i>
<i>3</i>	<i>Nancy D. Doe</i>	<i>44 South 2nd, Springfield, IL 62708</i>	<i>Sister</i>
<i>3</i>	<i>Mary E. Doe</i>	<i>123 West Main, Chicago, IL 60601</i>	<i>Sister</i>
<i>4</i>	<i>Frank F. Smith</i>	<i>9876 E. 99th St., Peoria, IL 61605</i>	<i>None</i>

In the event a member dies with no qualified survivor eligible for a monthly annuity, the lump sum death benefit will be paid as follows:

- All the money will be paid to John Doe.
- If John Doe is not living when the member dies, all the money will be paid to Jane Doe.
- If John and Jane Doe are not living when the member dies, the money will be divided equally among David, Nancy, and Mary Doe. (If only two of these three persons are living when the member dies, each will receive one-half of the money and if only one of these three persons is living when the member dies, he/she will receive all of the money.)
- If John, Jane, David, Nancy, and Mary Doe are not living when the member dies, all the money will be paid to Frank Smith.
- If none of the nominated beneficiaries are living when the member dies, all of the money will be paid to the member's estate.

NOMINATED BENEFICIARIES

Order Number	Name	Address	Relationship
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____

This form must be witnessed by two people who are not named as beneficiaries.

Member's Signature _____ **Date** _____

Member's Social Security Number _____ Witness _____

Member's Address _____ Address _____

Witness _____

Address _____